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18 JUL 1973

MEMORANDUM FOR: Deputy Director for Science and Technology

SUBJECT : Functional Relationships Between the
Office of Research and Development and
the Office of Development and Engineering

1. In consultation with the Associate Deputy Director for Science and Technology, we have undertaken to define the functional relationships between the Office of Research and Development and the Office of Development and Engineering. We took as our objective the defining of a structure within which the resources of the Office of Research and Development and the Office of Development and Engineering could be brought more effectively to bear, in order to insure the aggressive pursuit of technological opportunities toward the end of serving CIA intelligence objectives.

2. During the course of our deliberations, we reviewed all aspects of this issue. We examined both historical and current programs of the Office of Research and Development and the Office of Development and Engineering, toward the end of identifying past shortcomings. We addressed the basic capabilities and objectives of the people staffing both offices. Finally, we spent considerable time examining the philosophy which should govern the relationship between an office concerned with basic technology and exploratory activities, and an office oriented toward project development activities.

3. As a result of these discussions, we have defined three categories of activity:

- A. Exploratory Development
- B. Advanced Development
- C. Development Projects

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The latter category of activity is most easily defined in terms of its end objectives. A development project has as its objective the development of an operational system or piece of equipment, to either: a) collect intelligence information; b) support operations for the collection of intelligence information; or c) facilitate the processing and exploitation of collected information and data. A development project is defined in terms of specific requirements and technical specifications and a program plan covering both scheduled and cost considerations.

4. Advanced development covers those activities carried out in direct support of a planned or proposed development project. The objective of advanced development is to demonstrate that critical subsystem or component performance requirements can, in fact, be achieved prior to the initiation of a full scale development activity. Advanced development objectives flow directly from the defined requirements of a formulated development project. The specific schedule and goals of advanced development activities are, in general, integrated with the resulting development project and aimed towards a milestone where a decision is to be made on whether or not to proceed with full scale development. The scope of advanced development activities may include both breadboard and engineering tests, as well as analysis, but always within the general performance and interface constraints of the end item system or equipment envisioned as the product of a development project.

5. Exploratory development covers those activities concerned with the pursuit of specific technologies or concepts which are not as yet related to clearly defined development projects. These activities may include breadboard engineering and tests when these are required to establish the feasibility of applying new concepts involving advanced technology to the solution of intelligence problems. Nonetheless, exploratory developmental activities to qualify for the allocation of people and dollar resources must relate to the overall current, or anticipated, intelligence objectives of the CIA. This relationship will be established in the Agency Research and Development Plan. The task of identifying significant intelligence problems associated with anticipated Agency objectives will be a major concern of the Office of Research and Development.

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Exploratory development has as its objective advancing the engineering state-of-the-art in ways which will enhance or extend existing capabilities for intelligence collection and exploitation. Exploratory development projects may have as objectives the general advancement of a specific technology applicable to a broad range of potential development activities, or may be more specifically keyed to the solution of defined intelligence problems.

6. As a general rule, the Office of Research and Development will concern itself with exploratory development and the Office of Development and Engineering with advanced development and development projects. Exploratory development can be divided into two categories: Directed Exploratory Development and Speculative Exploratory Development. The Office of Research and Development will undertake directed exploratory development, specifically keyed to the perceived needs of the Office of Development and Engineering. The directed exploratory development needs of the Office of Development and Engineering will be formally defined by the Office of Development and Engineering on an annual basis. This formal process, however, must be supported by an informal and interactive exchange between the working level organizations, and people in those two offices. Speculative exploratory development will cover those projects which in the judgment of the Director of Research and Development are consistent with long range Agency needs.

7. Advanced development projects will be carried out by the Office of Development and Engineering. Exceptions may arise in the event of the availability of unique expertise in the Office of Research and Development, or the need for further work of an advanced development character prior to the definition of a specific development project. Such specific instances will be jointly identified by the Director of Research and Development and the Director of Development and Engineering. All development projects will be carried forward by the Office of Development and Engineering.

8. Both NRO AR/AT funds and CIA budgeted funds will be used to support exploratory development. However, NRO funds will be used in support only of directed exploratory development projects. In order to maintain a unified Agency

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posture with respect to the NRO interface on these matters, the Office of Development and Engineering will continue to serve as the single responsible point-of-contact with the NRO. The AR/AT projects, whether they be directed exploratory development projects to be technically pursued by the Office of Research and Development, or advanced development projects to be pursued under the direction of the Office of Development and Engineering, will be submitted to the NRO as they now are, in unified budgetary and programmatic packages prepared by the Office of Development and Engineering. These packages will be prepared in coordination with, and supported by the Office of Research and Development where appropriate. All contacts with the NRO relevant to their processing or review will be under the control of the Office of Development and Engineering. As in the past, the Office of Development and Engineering will continue with the contractual and security functions associated with NRO AR/AT funded projects.

9. We are convinced that the above plan provides a vastly improved framework for pursuing Agency objectives in a coordinated and efficient manner. However, it will not work if the people involved are not persuaded that they must make it work. Every effort must be made at all management levels to minimize the traditional barriers between offices and to maximize the informal flow of ideas and information between offices. These objectives must be pursued energetically through a variety of mechanisms, including formal project and planning reviews, as well as informal people-to-people exchanges. As the interests of individual people and needs of the various projects and programs dictate, we must be prepared to move people back and forth between offices and must work together to cultivate an environment where these shifts can occur in an easy and flexible manner. We recognize, as directors of the two offices concerned, that we have a special responsibility to use all means at our disposal to encourage the development and continuation of a constructive, effective, working, relationship.

10. Finally, we have concluded that a number of organizational and programmatic adjustments will be required to bring the Office of Research and Development and the Office

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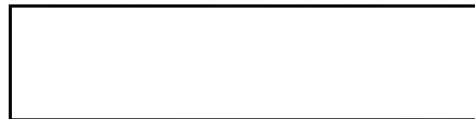
of Development and Engineering current activities in line with the division of functions outlined above. We will undertake to make these adjustments expeditiously, in a manner so far as possible, consistent with the desires and career objectives of the individual people involved and in a way which will minimize the impact on on-going programs.

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LESLIE C. DIRKS
Director
of
Development and Engineering



SAYRE STEVENS
Director
of
Research and Development

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27 JUL 1973

Deputy Director for Science and Technology

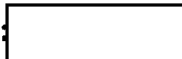
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(11 Jul 73)

" Congratulations for doing a most difficult job so well"
Carl E. Duckett

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